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THE FARM INDEX

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Also in this issue:

New Math for Farmers

Building with Brick

Soybean Protein

Unflowers Ring Up Rubles

Supermarkets' Sundry Sales

U.S.

Department

Agriculture

Economic

Research

Service

TRI-AGENCY READING ROOM

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OUTLOOK 1969 Chart Story of the Year Ahead for Agriculture

THE AGRICULTURAL OUTLOOK

World agricultural production in 1968 increased 2 to 3 percent from 1967. The rate of growth in both developed and less developed countries was about equal to the long term trend.

World output *per person*, however, was practically unchanged in 1968 as the increase in population about equaled the gain that was made in production.

Because of the difference in population growth, production per person has increased gradually in developed countries but has shown no gain in the less developed areas.

Grain production boosted. Grain production throughout the world has been expanded by about 20 percent in the past 3 years, following a very slow rate of growth during 1961-65. Wheat has been the largest gainer in 1968/69 as it was in 1966/67. But in 1967/68 rice led the advance in world grain production.

Where's the grain coming from? The bulk of the world's wheat is grown in the developed countries. Rice is a primary grain in the less developed areas.

Most of the *developed* wheat producing countries had record or near-record harvests in 1968/69.

The *less-developed* countries—especially Asia—had unusually large grain crops in 1967/68, primarily because of good weather.

In addition, high farm prices—pushed up by rice shortages in previous years—encouraged some increase in 1967/68 acreage and sharp increases in the use of fertilizer and new high-yielding wheat and rice varieties.

The big 1967/68 harvests brought temporary “self-sufficiency” to some Asian countries and even gave others an “exportable surplus.” But this, in turn, brought down prices to farmers.

Lower prices threatened to slow down adoption of the new high-yielding varieties which take

larger cash outlays for fertilizers and other inputs. Despite lower prices, most Asian countries expanded plantings of the new varieties to some extent in 1968/69. But weather wasn't particularly favorable in several Asian countries. So, impact of the new varieties was somewhat dampened. Grain output in those countries declined in 1968/69.

Shifts in trade patterns are complex. There's always been a certain amount of substitution of one commodity for another as the supply and demand picture changes.

In recent years, for example, abnormally large exports of wheat went to Asia to fill the rice gap.

Both this year and last, weather patterns and government policies have produced unusual changes in product substitution.

This complicates things for anyone trying to analyze and forecast levels of trade for many commodities—especially feed grains and oilseeds.

Animal rations are a factor. World demand for traditional feed grains continues but the 1969 ration for livestock and poultry has a slightly different look.

Because of wet weather, Western Europe and Canada harvested large volumes of lower quality wheat last year.

In Western Europe more of this wheat is being fed to livestock and poultry, and European exports of feed wheat are increasing.

Also, feed compounders in the European Economic Community (EEC) have been feeling the pinch of high feed grain costs—especially for imported grain which is subject to high variable levies.

Thus a variety of substitutes are cropping up in animal rations. These substitutes include such unorthodox components as sugar, cassava chips, and pulses.

Shortrun prospects for world trade—at least for commodities grown in temperate zone countries—are not too favorable.

In the developed countries demand is stagnant for most of the natural fibers, tobacco, dairy products, and sugar.

World supplies—including substitutes—of grains and oilseeds are large in relation to demand.

1

new math for farmers

Are we looking at returns from farm investment through the wrong end of the statistical telescope? Figures show why farmers fare well on moderate return.

In calculating rate of return on farm investment, today's farmer may find it worthwhile to take a leaf from his son's "new math" book.

Already, many successful farmers seem to be veering away from standard methods used to calculate returns and are using a new math of their own.

Critics of traditional accounting procedures say standard methods tend to underestimate rates of return on farm investment. As a result, farmers look like poor businessmen when they really aren't.

For example, as currently calculated, a 2.5-percent return on a \$500,000 farm investment, and a 2.39-percent return on a \$1.7 million farm investment are not uncommon.

If these low rates of return reflect the actual situation, then why do farmers continue to grow crops year after year? Are they bad financial managers? Don't they know that they could probably earn more with less risk by

investing their money elsewhere?

Actually, most farmers are about as astute on money matters as other businessmen. So in some cases at least, it might possibly be the way rates of return are calculated that makes things down on the farm look dim compared with other enterprises.

Using the same basic production and sales figures but giving modern farm financing techniques more weight in calculations, it is possible to show that the farmer with the 2.39-percent rate of return actually gets 11.44 percent. And the farmer with 2.35 percent gets 10.61 percent.

Thus, what may look like a marginal farm operation on paper is a real-life success.

This seeming paradox stems from three basic assumptions most often made in farm costs and returns studies:

—That land, buildings, equipment, and all resources are owned outright by the farm operator;

—That the farm operator has

100-percent equity in these resources, i.e., no mortgage or liens are outstanding; and,

—That the land is best represented at its current market value when returns are calculated.

Since few farmers these days own their land outright or have full equity in all their farm resources, these assumptions are regarded as unrealistic by some economists, and farmers as well.

Renting land is an approved, widespread practice in today's farm economy, and using credit to cover production and other costs is now common, too, among most U.S. farmers.

There are two ways of looking at land value. First, as it originally cost the buyer and second, as it would cost a potential new buyer. Current procedures generally use the second figure in tabulating costs and returns.

Businessmen, however, usually think in terms of what they originally invested rather than current market value of the land

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THE NEW MATH, FARM STYLE

Costs and returns on a cattle ranch:	Full equity	Part equity
<i>Dollars</i>		
Investment:		
Land	1,528,837	550,381
Buildings, etc.	55,043	55,043
Machinery	8,491	8,491
Livestock	128,980	128,980
Total investment	1,721,351	742,895
Livestock income (cash)	81,554	81,554
Land Value increase (noncash)	—	61,153
Total income ¹	81,554	142,707
Cash costs: ²		
Operating	28,961	28,961
Interest (mortgage)	—	18,346
Total cash costs	28,961	47,307
Noncash costs:		
Depreciation	5,413	5,413
Operator and family labor	5,000	5,000
Interest on operating costs	1,014	1,014
Interest on investment	—	37,145
Total noncash costs	11,427	48,572
Net cash income ³	52,593	34,247
Net ranch income	⁴ 46,166	⁵ 46,826
Return to capital and management	⁶ 41,166	84,987
Rate of return on investment ⁷	2.39 percent	11.44 percent

¹ Income at 1956-1965 average prices. ² Prices at 1965 levels. ³ Gross income less cash costs. ⁴ Net cash income less noncash costs. ⁵ Net cash income less noncash costs plus noncash income. ⁶ Net ranch income less a charge for operator and family labor. ⁷ Return to capital and management as a percentage of total investment.

when figuring profits. And so do many farmers.

Thus, arbitrarily assume 60-percent equity instead of 100-percent equity; and instead of including the cost of land at current market value, figure it in at the price the farmer originally paid for it.

(In actual calculations a national average percent of equity can be determined and used in place of 60 percent.)

The results show what the successful farmer has known all along—that farming can be as competitive as any other business when it comes to financial returns.

It all depends on what method the farmer or his accountant uses when it comes time to calculate those returns. (1)

Treasure State Enriches Its Soils Faster Than Whole U.S. Since '50

Plant diets in Montana are getting better every year.

Up until 1950, fertilizer use in the Treasure State lagged far behind that of the rest of the Nation. But the gap is starting to narrow, as usage has skyrocketed in recent years.

Use of nitrogen, phosphorus, and potassium in Montana has gained far faster than for the Nation as a whole since 1950. Tonnage of these plant nutrients increased by 12 times, 8½ times, and 18 times, respectively, during the 1950-67 period.

Greater use of nitrogen on small grain crops (wheat and

barley) and on irrigated grass meadow is, in large part, the cause of nitrogen's rapid increase in Montana.

Most of the phosphorus tonnage is used on sugarbeets, legume hay, and wheat, while potassium is applied mainly on irrigated sugarbeets and potatoes.

Rates of fertilizer application in Montana are still considerably, below the U.S. average on wheat, barley, oats, corn, dry beans, vegetables, and potatoes. This is because a large percentage of these crops are produced under much drier conditions than exist elsewhere in the Nation. (2)

To Sweeten Salty Wells, Coast Farmers Must Push Back the Sea

Artichoke country: Where the soil is rich and black. Where the climate is moderate all year 'round. And where plenty of water is waiting in underground pools to irrigate the fields.

That's the coastal area of Salinas Valley, Calif.—except where salty seawater has seeped in to contaminate irrigation wells.

In the late 1930's and early 1940's salt water from the sea began appearing in the irrigation wells of farmers growing artichokes and other vegetables along the Salinas Valley seacoast.

Since that time underground seawater intrusion has advanced farther and farther inland.

At present, contaminated water underlies about 8,000 acres of valuable vegetable producing land. A 1945 estimate of the average annual inflow of salt water was 6,000 acre-feet. By 1954 that estimate was up to 20,000 acre-feet.

Tests have shown that the chloride content in a well can jump from the normal 100 parts per million to over 1,000 parts per million in a single season.

Two dams constructed on the Salinas River now provide substitute irrigation water for many inland farmers, thus helping to keep the underground fresh water level high. No encroachment of seawater into the underground pools farther inland was noted in the 1965/66 water year.

Use of irrigation water in the Salinas Valley was estimated at 139,240 acre-feet in 1963.

The farmer, singlehandedly, can't do much about preventing salt water contamination of his irrigation well. His only alternatives are to:

—Drill a deeper well in hopes of finding a layer of fresh water farther down;

—Secure irrigation water from another source; or

—Quit producing crops that require irrigation.

Community action is probably the best bet in combating sea water intrusion. Farmers in the Salinas Valley could request a court order limiting water pumping in crucial areas so as to maintain the underground fresh water level high enough to repulse the salt water. The cost of the legal fight necessary to bring this about might be prohibitive, however.

Other tactics—though they would be costly—would be: (1) Sink a series of wells in the coastline to pump out contaminated underground water and thus draw fresh water in, or (2) Sink a series of injection wells inland for the purpose of pumping fresh water into the underground pools, forcing the salt water out.

Perhaps the best of all possible solutions would be to build a surface canal from the two storage dams on the Salinas River to the contaminated area and to areas of possible future contamination. Preliminary designs show such a canal is feasible and that it could provide water to farm head gates at a cost of about \$8.00 per acre-foot. (3)



Men and Milestones

"HIDDEN HUNGER" FIGHTER

America is in the midst of the Great Depression. What kinds of foods are the fare of farm families in the drought-stricken Dust Bowl and other areas? Louise Stanley, Chief of USDA's Bureau of Home Economics, dispatches researchers. They do their fact-finding job so well that it becomes possible for the first time to estimate the quantities and kinds of food needed to provide all Americans with adequate diets.

* * *

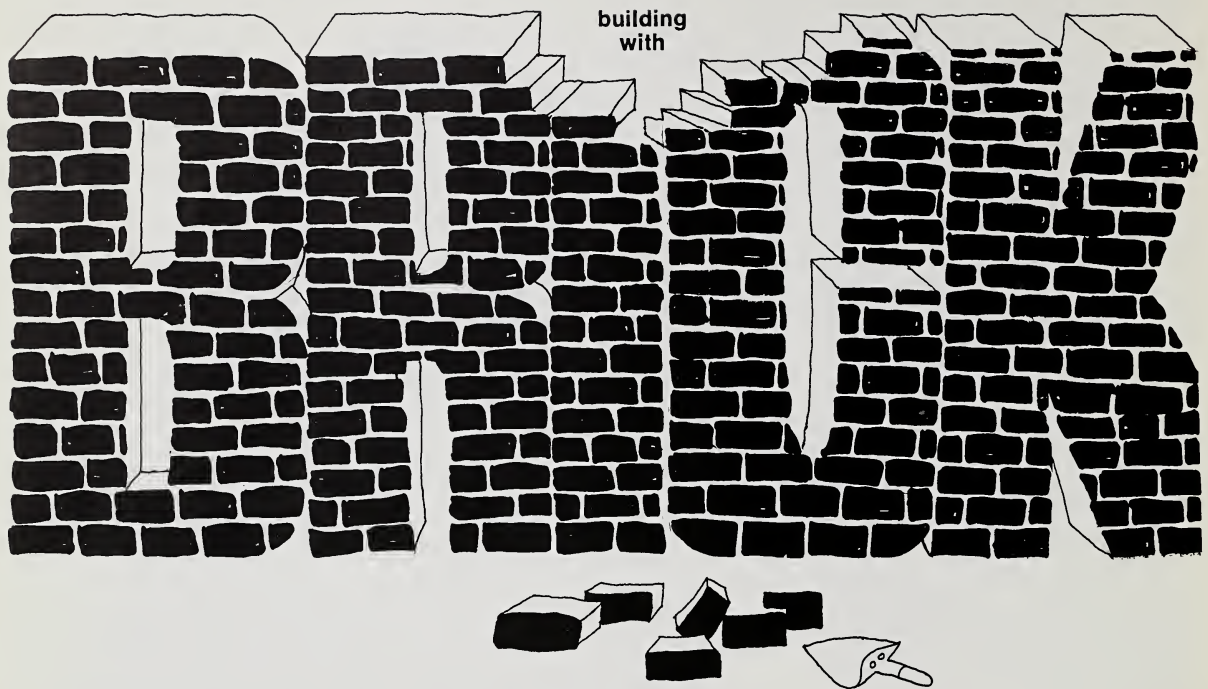
In conducting her nutrition studies in the late 1920's and early 1930's Louise Stanley expected to find inadequate diets among low-income families. But she was appalled to learn that even among families with average or better incomes there existed a "hidden hunger," a lack of certain basic food elements in the diet.

Under her direction, the Bureau conducted further re-

search on food consumption and dietary levels and became widely known for the balanced-diet food budgets it worked out for families of various income levels.

What the people of the United States ate was the primary concern of the Bureau of Home Economics when it was established in 1923 by Agriculture Secretary Henry C. Wallace and Miss Stanley was appointed its first chief. But the Bureau's scope of interest was quickly broadened by Miss Stanley to include pioneering studies that helped determine basic U.S. needs for clothing and housing, too.

Later, in 1943, as Special Assistant to the Administrator of the USDA's Agricultural Research Administration, she also worked to improve the nutritional value of diets in many foreign countries as well as her own. People are better fed, better clothed, and better housed today because of Louise Stanley. (4)



When a modern brick plant came to town, it laid a new foundation for the economy of a rural area in the South that was hit hard by a lack of jobs in agriculture.

Driving through the South Carolina countryside to Charleston, a casual observer might pass by the smokestacks of the Summerville brick factory without realizing they were symbols of progress. But they are—particularly for unskilled workers in the area.

Summerville (population 3,633 in 1960) is the biggest town in Dorchester County, S. C. Apart from Summerville, the county is highly rural—and residents have been plagued by unemployment and low incomes as jobs in agriculture and lumbering have dwindled.

Many of the county's residents commute to jobs in the Charles-

ton area, about 20 miles from Summerville. But the unskilled, poorly educated workers had a hard time finding jobs anywhere—until the factory opened.

The story of the Summerville brick factory is a story of community action.

Dorchester County organized a Rural Area Development (RAD) Committee in May 1961. The committee's major function was to find a way to stimulate the lagging local economy—hopefully by securing a new industry. At that time, the committee didn't have brickmaking in mind.

But a private businessman in the area did. Having scouted out the local resources and the potential market for bricks in the county and nearby Charleston, he thought a brick factory would be a profitable enterprise. However, he was turned down when he applied for a bank loan. In the process of finding out whether he

might qualify for Federal or State assistance, he learned about his county's RAD committee.

The brick factory seemed feasible to the county committee—and to the Area Redevelopment Administration, which approved a loan of \$170,000. The businessman himself put up \$78,000. Summerville Industries (a group organized to help establish local industries) bought \$26,000 worth of stock, and private sources provided another \$35,000 for working capital.

The brick plant was constructed in early 1963 and its first kiln of brick run in July of that year. By late August, production was about 36,000 bricks per day—40 percent more than the expected rate in the original plan upon which the loan was based. The very modern plant uses a continuous tunnel kiln which reduces brick handling.

At the outset, the factory em-

ployed 22 workers; it added three more during its first year. But more important than these numbers was the fact that the plant provided jobs for the group of workers most lacking in employment opportunities.

Of the 17 production workers the plant employed originally, all were men, 15 were nonwhite, and 12 of these 15 were between the ages of 20 and 34.

Few had any previous experience in the brick business, although 10 of the workers had held seasonal jobs in agriculture, sawmills, or construction. Previous earnings of these employees ranged between 75 cents and \$1 an hour. The \$1.15 per hour wage paid by the brick factory represented a substantial income improvement for these workers.

Very few of the production workers lived in Summerville itself. Most came from rural areas in Dorchester County or elsewhere.

The brick factory stimulated the county's economy in several ways. An estimated five new jobs were created for people in local businesses which supplied the factory with its raw materials, office equipment, and so forth.

When these five people—and the 25 employed in the brick factory—went to spend their pay, they generated jobs for another four workers in consumer-oriented industries such as grocery stores, apparel shops, and movie houses.

Three years after its opening, the Summerville brick factory merged with a national firm that produced ceramic tooling for industry. The national firm was in need of additional tunnel kiln capacity which the brick factory could provide without materially affecting its own output.

The merger meant another expansion in employment, as well as an upgrading in the technical skills of the labor force. At the same time, it lessened the brick factory's dependence on the con-

struction industry, notorious for its cyclical swings.

As of March 1968, the Summerville brick factory had 40 workers and an annual payroll of approximately \$160,000. During its first 5 years of operation, it disbursed nearly \$750,000 in payrolls and purchased almost a million dollars of supplies and services, mostly through local distributors. It paid off its original Area Redevelopment Administration loan in full in November 1967.

Bricks have laid a good foundation for rebuilding Dorchester County's economy. They've proved the worth of local labor and resources—which should make the area a more attractive site for other new industries. (5)

Learn More, Earn More, Appears To Be a Rule in Today's Farming

"It's on-the-job experience, not formal education, that teaches a boy to farm."

Maybe this was true 50 years ago, but today schooling and successful farming go hand in hand. Every year of education is associated with higher earning capacity of U.S. farmers. (Of course, it doesn't always follow that higher education is paired with higher earnings, but the association of the two is striking.)

Evidence of this is offered by the following comparison of farm operators' sales and educations at the time of the last census of agriculture.

Of the 2.2 million farm operators studied, roughly 130,000 had completed fewer than 5 years of elementary school. Nearly two-thirds of this group had farm-product sales of less than \$5,000 in 1964. Virtually none sold \$20,000 or more.

Their counterparts with 5 to 8 years of elementary education were in a somewhat better posi-

tion. Only two-fifths of this group, which totaled 890,000, sold less than \$5,000 worth of farm products and about a tenth sold over \$20,000.

Some 930,000 farm operators went on as far as high school, though 370,000 of these didn't finish all 4 years. Even without a diploma, though, their sales positions were noticeably better than those of farmers with only elementary educations.

Of the group with 1 to 3 years of high school, only a third had sales of less than \$5,000. Eighteen percent sold \$20,000 or more.

The 560,000 operators who earned high school diplomas improved their sales positions even more. Fewer than a fourth were in the under-\$5,000 group, while 27 percent had sales of \$20,000 or more.

College attendance carried the biggest rewards of all—though it was no guarantee of success. About a fourth of the 220,000 operators with college backgrounds sold less than \$5,000 worth of farm products. This was about the same proportion as for operators with high school diplomas. But a significantly higher percentage of the college men—a third—sold over \$20,000 (6)

Garden Plots Don't Thicken

Determining poverty levels isn't easy.

One widely used poverty index assumes farm families produce 30 percent of their food. Most farm families, however, don't count that much on homegrown food for their weekly fare.

The value of food produced for home use by the average farm household was only \$2.45 per person per week in 1964. (This includes all foods—raised, obtained by hunting or fishing, or gathered from the wild.)

Moreover, 40 percent of the farm families who did produce some of their own food averaged less than \$2.00 worth per person a week in homegrown items. (7)

Protean Protein



Soy protein isolate, extruded and spun into a variety of synthetic food products, is only one of the many soy protein products developed to meet today's food needs.

The growing demand for protein around the world is stimulating research in the U.S. to expand the food uses of soybeans—one of the world's best and cheapest protein sources.

At present, soy protein for use as a food is marketed in seven forms: flour, grits, protein concentrate, protein isolate, enzyme modified isolate, full fat flour, and enzyme active meal. All are defatted except the full fat flour.

Protein content varies with the form. Soy flour and grits each contain about 50 percent protein. Soy protein concentrates reach 70 percent protein, and the soy protein isolate packs in more than 90 percent protein.

And the price to food manufacturers seems to vary with the form though for the past few years the total price structure has been fairly steady.

In July 1968, soy flour and grits brought 6½ to 7 cents a pound to soybean processors. Soy concentrates went for 18 cents a pound, soy isolates for 35 to 39 cents a pound. Several enzyme modified soy meal products sold for 70 cents to \$1.20 a pound.

Three firms produced over 90 percent of U.S. soy flour and grits. The soy concentrates came from four processors. And three firms made all the soy protein isolate during 1967.

Here's how food manufacturers put soybean protein to work:

Bakery goods. Soy protein holds moisture. Adding it to bread and cake products helps keep them fresher longer. It also stops pancakes and doughnuts from holding too much grease, yet keeps them from sticking

during cooking.

About 105 million pounds of soybean protein products were used by food manufacturers in 1967. Almost half of the total volume went into baked goods. Over the past few years, commercial bakery use has gone up 7 to 10 percent annually.

Meat products. Hot dogs, sausage, and other processed meats often contain small amounts of soy protein. It helps to retain natural juices, bind the ground meat together, and reduces shrinkage in cooking.

Some meat processors also say that adding soy protein to their product aids in cleaning their machinery.

Use of soy protein in meat products has been increasing in recent years at an annual rate of 5 to 6 percent, and in 1967 was close to 30 million pounds.

Vegetable protein foods and beverages. Most of these products are used by people who don't eat meat for religious reasons and for infants or older people who are allergic to other food products. Beverages made mainly from U.S. soy flour are now being marketed in several protein-deficient countries.

Other uses. Soy flour and grits go into artificial spices, add body and protein to pasta or macaroni-type products, reduce stickiness in candies, stabilize frostings and whipping cream.

Soy flour and grits are the lowest priced and most plentiful of soy protein products. More expensive soy protein isolates are being used in simulated meat products.

Isolates are spun or extruded into fibers to get the texture of meat; and they absorb natural or artificial flavor and coloring. The high protein content of the isolates can make the simulated product as nutritious as the natural one and also may lessen

refrigeration requirements.

Several simulated meat products are now being market tested. Some—including a bacon-type product—are already on retail shelves.

There are some drawbacks to the food use of soy proteins. The cheaper forms, soy flour and grits, have a bitter, beany flavor and produce gas during digestion. Researchers are at work to resolve these problems. Even the soy isolate and concentrate have some flavor problems which limit their range of use.

If soy protein is used in a product with strong flavorings and spices, the soy flavors can be masked successfully. But when used in dairy and bakery-type products this is difficult to do.

Marketing specialists, food researchers, and soybean growers are nevertheless optimistic about the soybean's future in food.

As a crop, it gives a high yield of edible protein for each acre. And it's adaptable to a variety of growing conditions.

With continued improvements in both production and processing methods, the soy protein that is in many cases an experimental ingredient today may be a food staple of tomorrow. (8)

Most Feed Grains Ride the Rails To New England Manufacturers

What makes a freight rate change? Competition—among other things.

Down in the Southeastern States, competition from barges and trucks affects rail rates—to the advantage of livestock and poultry feed producers. They can get reduced rail rates on large-volume shipments of feed corn for their operations.

The situation is different in New England. Though feed producers there are trying to cut their freight costs, the railroads don't face as much competition

and have little incentive to offer special rates to feed producers for volume shipping. Covered hopper cars, carrying upwards of 100 tons, are being seen more frequently on New England lines, but other more extensive forms of large-volume reduced-rate shipping aren't available to feed manufacturers at this time.

New England is a feed-deficit region and freight costs usually make up more than 20 percent of the cost of acquiring feed ingredients.

Feed accounts for 60 percent of the expense of producing broilers and eggs, and 40 percent of livestock production costs in New England.

So any savings a feed manufacturer can realize on freight and pass on to his customers could boost New England's competitive position with other livestock and poultry producing regions.

Six hypothetical, though typical, New England feed firms were used by ERS to study possible reductions in costs of transporting feed corn to the region.

Only two of them were large enough to use unit train rates, but all could have taken advantage of rates for multiple car shipments. Both types of volume shipping are available to Southeastern feed producers.

Making similar rate systems available in New England could reduce costs of moving feed corn by at least \$3 to \$5 per ton. (Costs now average anywhere from \$8 to \$12 per ton.) This could lower costs of poultry feed containing 60 percent corn by \$2 to \$3 per ton.

Whether this would actually strengthen the competitive position of the livestock and poultry industry in New England is uncertain. That would depend on whether feed manufacturers were willing to pass their savings on to producers, and also on the health of the industries in competing regions. (9)

SUNFLOWERS RING UP RUBLES



Phenomenal Soviet production of sunflowers, coupled with new oil extraction methods, is making "sun" oil competitive with soybean oil in international market.

The United States is No. 1 when it comes to soybeans. We produce about 75 percent of the world's supply and ship about 90 percent of the world's exports.

But when it comes to sunflowerseeds and oil, we're at the bottom of the production barrel. As for exports, none.

Most of the world's sunflowerseeds and "sun" oil—come from the Soviet Union. With a record sunflowerseed harvest of 6.1 million metric tons in 1967 and a crop near that level in 1968, the USSR accounts for about two-thirds of world output and three-fourths of trade in terms of oil.

Altogether, Soviet production of vegetable oils rose 265,000 tons in 1967 to reach 3.0 million metric tons. Nearly all of the gain and almost three-fourths of the total were derived from sunflowerseed. Most of the rest came from cottonseed. Of the total, all but about 3 or 4 percent was edible.

In little more than a decade, the Soviets have increased their sunflowerseed production almost 70 percent and sun oil output almost 138 percent.

At the same time, from 1957 to 1967, USSR exports of sunflowerseed oil increased almost tenfold.

These massive gains have pushed sunflowerseed oil from fifth to second place (though well behind soybean oil) in world production and exports of vegetable oils. Sun oil's share of total vegetable oil exports has risen from 4 percent in 1960 to possibly 16 percent in 1968.

Soviet vegetable oil output as a whole has climbed about 200,000 tons annually. Domestic food use has increased by about 100,000 tons each year, while indus-

trial use has remained fairly constant. Most of the 100,000-ton surplus has moved into trade rather than stocks.

Soviet exports of vegetable oil topped 700,000 tons in 1967 to constitute about a fifth of world trade in the edible vegetable oil market. Of the USSR shipments, sun oil made up 670,000 tons. And 304,000 tons of sunflowerseeds were also exported.

Why has the sunflower received so much attention in the Soviet Union and comparatively little in the United States—on the continent where the sunflower originated?

There are good reasons in both instances.

In the United States, soybeans have met with such success that they have taken precedence over other oilseeds. Largely because of the soybean, the United States today provides about one-fourth of the world's edible vegetable oils and nearly one-third of world exports.

U.S. producers have favored soybeans because they are a dual purpose crop—supplying a favorable balance of edible oil and meal. A 60-pound bushel of soybeans will yield about 11 pounds of oil and about 48 pounds of meal. Oil satisfies domestic and export requirements and the meal is an important ingredient in mixed feeds for domestic livestock rations.

Too, soybeans thrive in a warm climate, and farmers in the Corn Belt and Midsouth often plant soybeans on surplus acreage or as an alternative crop. The increasing market demand for soy protein is also an incentive to growers.

In the Soviet Union, the sunflower offers advantages comparable to those enjoyed by the soybean in the United States.

The sunflower is the most drought resistant of oilseed crops and also thrives where summers are relatively cool. It is therefore well suited to often harsh grow-

ing conditions in the USSR. Sunflowerseed production is most heavily concentrated in the north Caucasus and the eastern Ukraine.

In its emphasis on sunflowers, the Soviet Union has pressed primarily for oil content of the seed.

Beginning in 1957, the Soviets steadily expanded area planted to sunflowers until it reached a peak of 5.0 million hectares (about 12.5 million acres) in 1966. Acreage in sunflowers then declined about 5 percent, but higher yields have maintained output at record levels.

Harvests in the 1963-67 period averaged 5.2 million tons—90 percent above the 1953-57 average of 2.8 million tons.

In the 10 years between these periods, yields climbed 61 percent but planted area rose only 17 percent.

The average USSR sunflower-

seed yield of a little more than 1,000 pounds per acre in 1966 was about 13 percent more than the average Minnesota-North Dakota yield for sunflowerseeds the same year. (These two States account for most of U.S. commercial output.)

The sharp increases in oil content and yields of Soviet sunflowerseeds are due largely to selective breeding and other research work of the All-Union Scientific-Research Institute on Oilseed Crops.

With the press method, average oil extraction rates were raised from less than 28 percent in 1950 to almost 40 percent in 1965. Using the solvent method, rates were advanced from 31 percent to almost 44 percent.

Since then, the average extraction rate has continued to climb. The average rate for all crushings—at about 44 percent in 1967—reflected greater use of the solvent extraction method and the continuing development of high oil varieties.

Government policy has also tended to favor sunflowerseed. Plans for government purchases of sunflowers are established at the national level and farm purchase contracts are signed for these quantities. In recent years these plans have been overfulfilled. (In 1967 and 1968 the government has purchased just under 5 million tons each year out of crops which exceeded 6 million tons.)

Prices, however, are not negotiated in the contracts but are set by government decree.

Farms have been encouraged to exceed established quotas and collectives receive 100-percent premiums on amounts sold to the government above the previous 3-year average.

Sunflowers are a profitable crop in the Soviet Union. The basic state purchase price in the Ukraine is 165 rubles per ton. (One ruble is about \$1.11 at official Soviet exchange rate.) (10)

Up In Canada . . .

Canadian farmers appear to be traveling much the same road as their American counterparts.

The number of Canadian farms with sales of \$15,000-plus has more than doubled in the past 5 years—from 23,900 to 50,800. Since the late 1930's, average farm size has grown from 237 acres to 404 acres. At the same time, farm inputs of labor have dropped from 63 percent to 25 percent of total input costs.

Machinery, equipment, fuel, fertilizer, and other capital costs now make up 75 percent of the Canadian farmers' bill for goods and services to run their enterprises. And the cost of all farm inputs—valued at \$2.6 billion in 1967—was nearly double the \$1.4 billion cost 10 years ago.

Along with these changes, agriculture has become part of Canada's big business complex.

It's estimated that farm products constitute at least one-fifth of the raw materials used by Canadian manufacturers and also contribute about a fifth to the gross value of all factory shipments. (11)



The average American shopper buys a lot more than food at the grocery store. As a matter of fact, sales of shampoos and alcoholic beverages and headache remedies—and lightbulbs and the like—represented 26.6 percent of the value of grocers' sales in 1967.

He can count on taking in about as much money from sales of housewares and household supplies (including cleaning and paper products) as from dairy products. And as much from pet

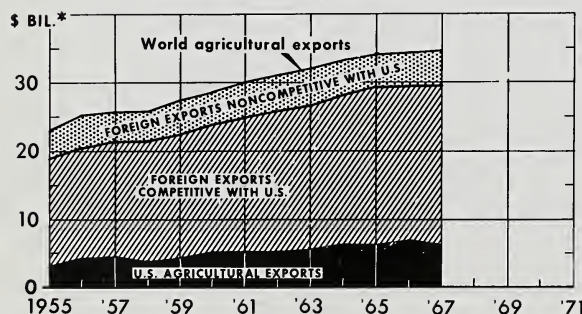
Frozen precooked food sales registered a 9-percent gain. However, 1967 sales were still only a small part—2 cents—of our food dollar. (12)



AGRICULTURE AROUND THE WORLD...

The United States is the world's leading exporter of farm products. One out of every 4 acres of U.S. farmland is harvested for export. And the U.S. farmer today produces enough to feed and clothe himself and 41 others at home and abroad.

U.S. AND WORLD AGRICULTURAL EXPORTS



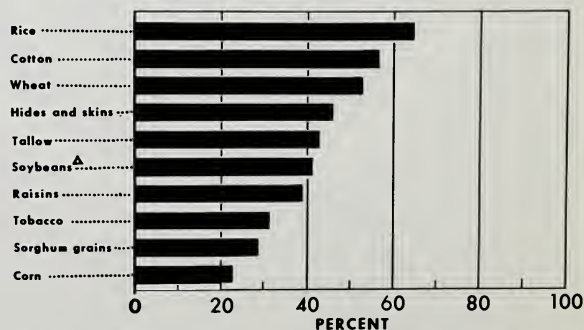
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3367-68 (9) ECONOMIC RESEARCH SERVICE

The U.S. share of world agricultural exports for calendar year 1968 showed perhaps a slight decline from 1967 though a larger volume of exports was in sight for fruits, vegetables, and oilseeds and products. Wheat and cotton exports were trending down. Of the almost \$35 billion value of world agricultural exports during 1967, the United States contributed over \$6 billion or close to 20 percent.

Exports in the current fiscal year will continue to be a major portion of farm sales for many commodities. In fiscal 1967/68, over half of U.S. marketings of rice, cotton, and wheat went into world trade channels. More than 20 percent of U.S. crop output was exported in each of the last 2 fiscal years.

10 LEADING U.S. AGRICULTURAL EXPORTS, AS PERCENTAGE OF FARM SALES, 1968*

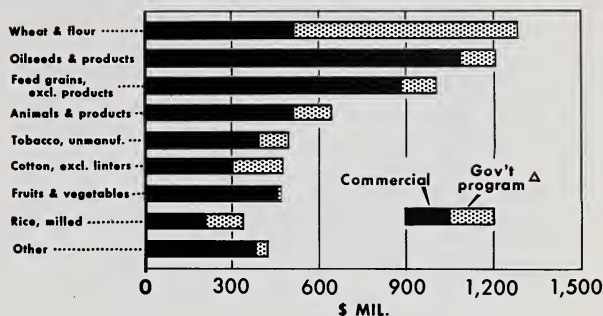


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5339-68 (9) ECONOMIC RESEARCH SERVICE

The drop in total export value for fiscal 1967/68 reflected a slide in dollar sales (excluding barter) from almost \$5.2 billion to \$4.7 billion. Total exports under government programs remained fairly steady at about \$1.6 billion. The value of wheat, cotton, animal products, and rice exported under government programs rose, but the value of other commodities exported—including feed grains and oilseeds—declined.

U.S. AGRICULTURAL EXPORTS, BY COMMODITY GROUP, 1968*

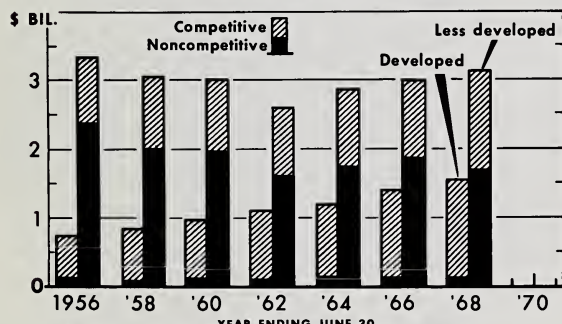


* YEAR ENDING JUNE 30. ▲ GOVERNMENT-FINANCED PROGRAMS, P.L. 83-480 AND P.L. 87-195.

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2966-68 (9) ECONOMIC RESEARCH SERVICE

U.S. AGRICULTURAL IMPORTS FROM DEVELOPED AND LESS DEVELOPED COUNTRIES



COMPETITIVE IMPORTS ARE PRODUCTS THAT SUPPLEMENT U.S. FARM PRODUCTION.
NONCOMPETITIVE IMPORTS ARE PRODUCTS THAT ARE NOT GROWN HERE IN COMMERCIAL VOLUME.

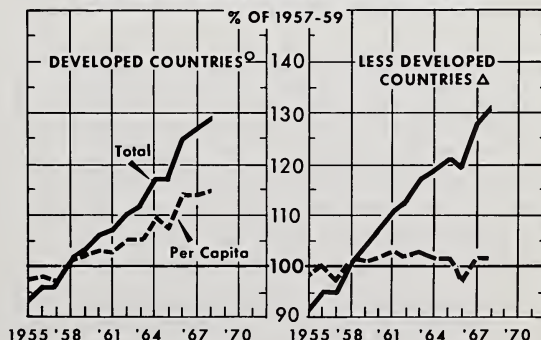
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5749-68 (9) ECONOMIC RESEARCH SERVICE

Over \$3 billion worth of the \$4½ billion U.S. agricultural import total for 1967/68 came from the less developed nations. And just about half of the \$3 billion was in products which are not competitive with U.S. farm products. U.S. agricultural imports from both developed and less developed countries have been on the rise in recent years. Fiscal 1968/69 will probably see this trend continuing.

World agricultural production and population both increased about 2 percent from 1967 to 1968, judging by preliminary data. As estimated, this would leave output per person in the world (excluding Communist Asia) practically unchanged.

WORLD AGRICULTURAL PRODUCTION



○ NORTH AMERICA, EUROPE, USSR, JAPAN, REPUBLIC OF SOUTH AFRICA, AUSTRALIA, AND NEW ZEALAND.

△ LATIN AMERICA, ASIA (EXCEPT JAPAN AND COMMUNIST ASIA), AFRICA (EXCEPT REPUBLIC OF SOUTH AFRICA).

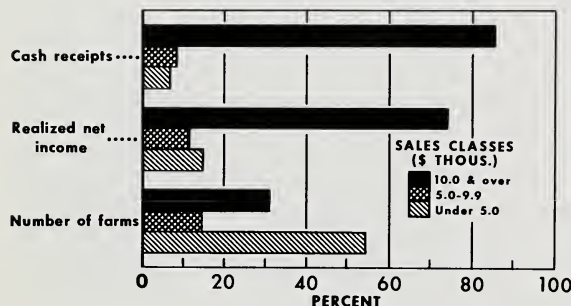
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4750-68 (12) ECONOMIC RESEARCH SERVICE

...AND AT HOME

The U.S. farmer began 1969 with strong domestic demand for his products and an upward trend in realized income per farm. But supplies of farm products continued at record levels.

FARMS, CASH RECEIPTS, AND NET INCOME BY SALES CLASSES, 1967



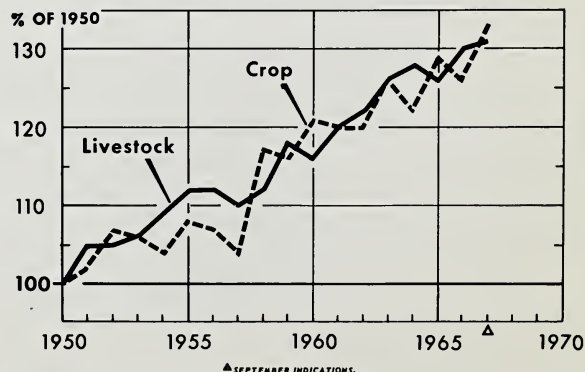
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5710-68 (8) ECONOMIC RESEARCH SERVICE

A silhouette of U.S. farming shows farms with sales over \$10,000 make up close to a third of U.S. farms. In a recent year, they took in over 85 percent of cash receipts and accounted for over 70 percent of realized net income from farming. But small farms with sales under \$5,000 make up more than 50 percent of the total number of U.S. farms.

U.S. farm output continued its gains through 1968. The outlook in the first half of 1969 is for a further rise in market supplies, and possibly a slower growth in consumer demand. This may put some pressure on farm product prices. At the grocery store, however, prices are expected to hold fairly stable in the first half of the year.

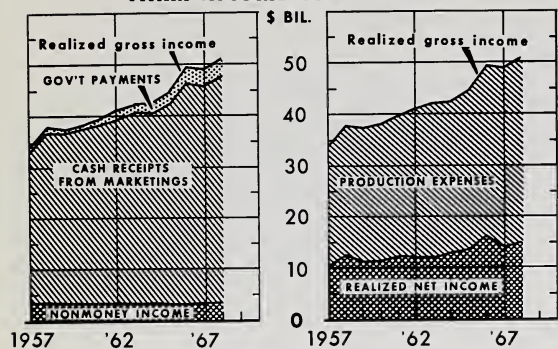
CROP AND LIVESTOCK PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1357-47 (9) ECONOMIC RESEARCH SERVICE

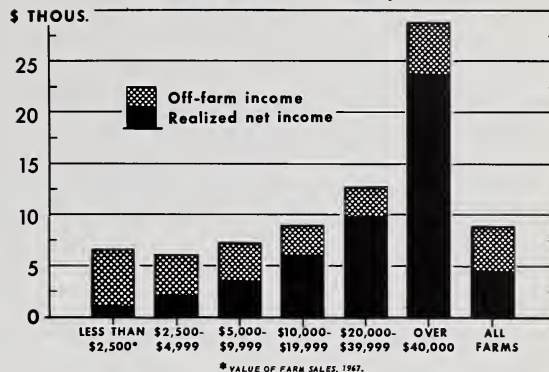
FARM INCOME COMPONENTS



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3780-48 (12) ECONOMIC RESEARCH SERVICE

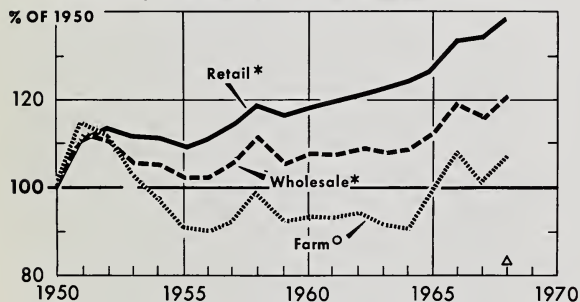
FARM FAMILY INCOME, 1967



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5811-48 (12) ECONOMIC RESEARCH SERVICE

FOOD PRICES: RETAIL, WHOLESALE, AND FARM LEVELS



O PRICES RECEIVED BY FARMERS FOR FOOD COMMODITIES. * BUREAU OF LABOR STATISTICS.
▲ ESTIMATED.

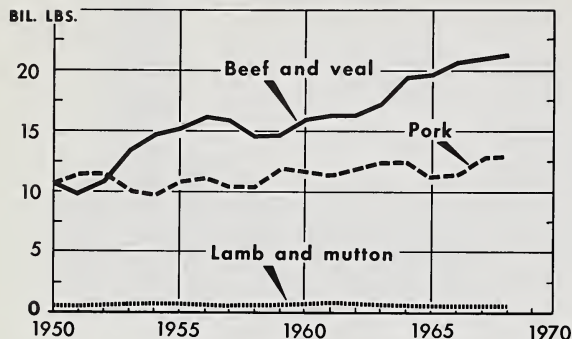
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5539-68 (7) ECONOMIC RESEARCH SERVICE

Realized net farm income was around \$15 billion for 1968, up more than 5 percent from 1967. Higher prices and a record volume of marketings boosted both cash receipts and gross farm income, and further gains are likely this year. Realized net income per farm reached about \$4,900, sharply above 1967's \$4,526 per farm. But many farm families still depend on off-farm income to round out their budgets.

THE COMMODITY OUTLOOK...

MEAT PRODUCTION

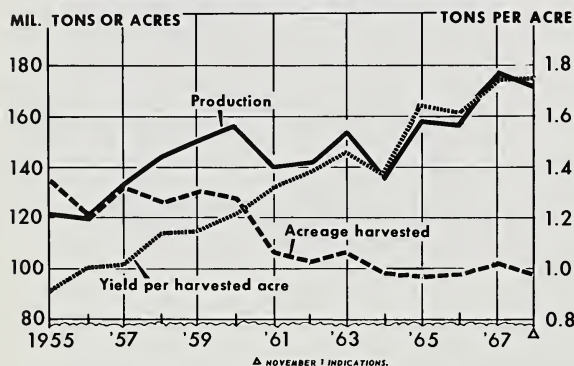


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5813-68 (12) ECONOMIC RESEARCH SERVICE

Larger beef and pork supplies are expected in the first half of 1969. Veal and lamb production will continue to drop. Demand for meats was unusually heavy in 1968, and though it is expected to continue at a high level through mid-year, it may not increase at 1968's rapid pace. This may bring slightly lower livestock prices.

FEED GRAIN ACREAGE AND PRODUCTION

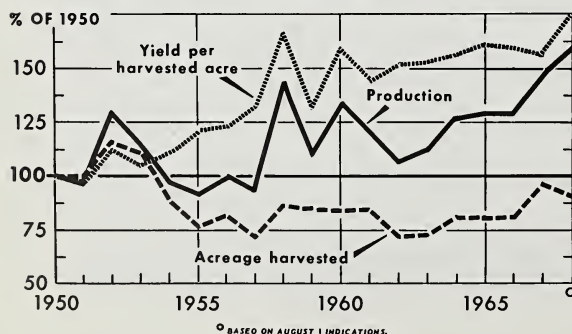


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4652-68 (11) ECONOMIC RESEARCH SERVICE

Larger carryovers mean slightly increased feed grain supplies for the 1968/69 feeding year. Last fall's crop is expected to total slightly below the feeding year's requirements; livestock-feed price ratios pointed to a pickup in feed use. Another record wheat crop for 1968 weakened prices. The marketing year price for wheat may average close to the loan rate. Increased soybean supplies, due to larger stocks and greater output, stand in contrast to prospective disappearance only about matching 1967/68's total. Thus a further buildup in carryover is expected.

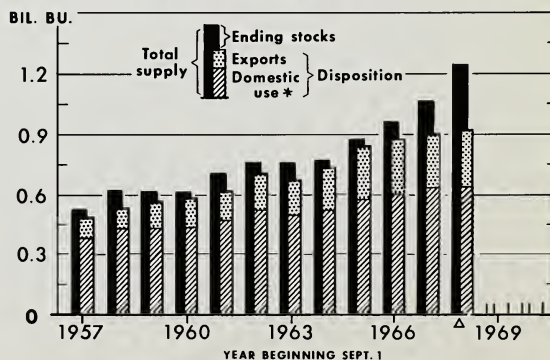
WHEAT ACREAGE, YIELD AND PRODUCTION



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3967-68 (9) ECONOMIC RESEARCH SERVICE

SOYBEAN SUPPLY AND DISPOSITION



* INCLUDES CRUSHINGS, SEED, FEED, AND RESIDUALS.

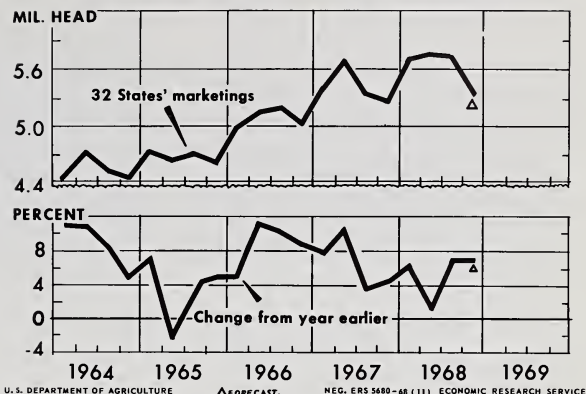
△ FORECAST.

U. S. DEPARTMENT OF AGRICULTURE

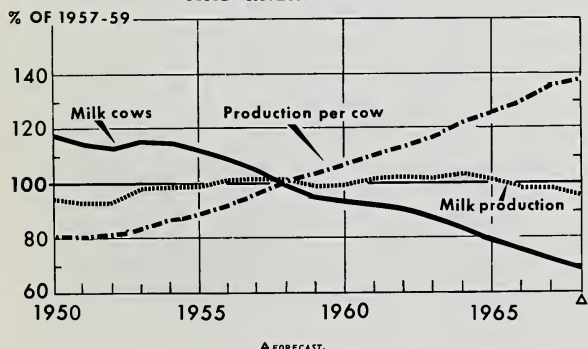
NEG. ERS 5334-68 (12) ECONOMIC RESEARCH SERVICE

Cattle feeders stepped up marketings about 5 percent in 1968. The uptrend in feeding is expected to continue in 1969. The beef calf crop was up about 700,000 head in 1968, and an increasing proportion of the calf crop is being grain fed before slaughter.

FED CATTLE MARKETINGS, BY QUARTERS

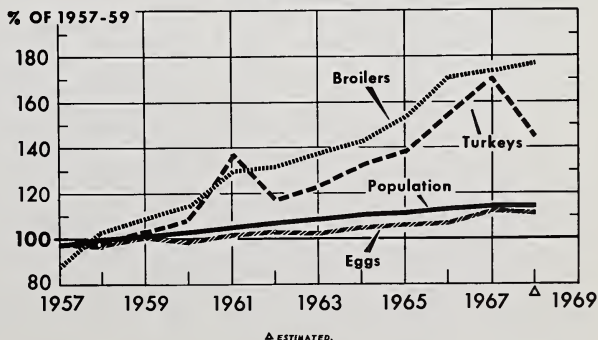


MILK PRODUCTION, COW NUMBERS, AND MILK PER COW



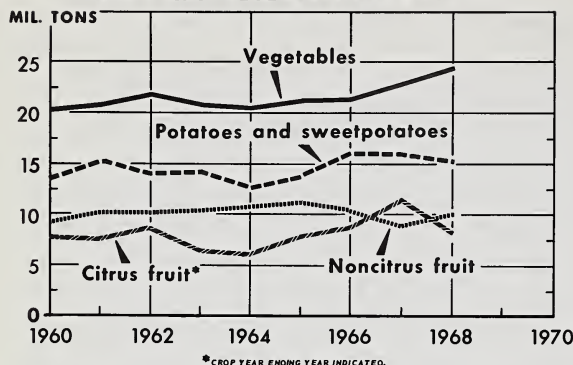
This year's milk production is likely to stabilize near the 118 billion pounds estimated for 1968. The decline in milk cow numbers is expected to slow somewhat, and output per cow to gain. Prices farmers receive for milk probably will be up some 5 percent from a year earlier through March. With present dairy supports and Federal order pricing, second quarter prices are likely to be up slightly.

POULTRY AND EGG PRODUCTION AND POPULATION



A reduced rate of egg production and some increase in broilers appear likely for 1969—along with a rise in turkey production later in the year. Prospects for increased broiler and turkey production are based on improved product prices and lower feed costs. Other production costs are likely to continue upward. Egg output is expected to run below last year until mid-1969. Pullets started in early 1969 may be up by 15 percent, raising output to 1968 levels by fall.

FRUIT AND VEGETABLE PRODUCTION



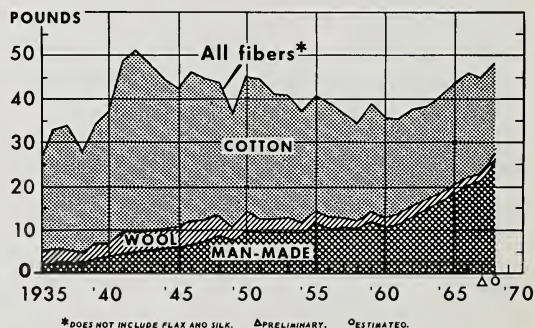
U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5812-48 (12) ECONOMIC RESEARCH SERVICE

Citrus production, bouncing back from lows a year ago, brings larger supplies for fresh and processed use through the first half of 1969. Supplies of processed, non-citrus fruits will also be up this spring. Record supplies are in store for processed vegetables into mid-1969. Potato and sweet-potato supplies, however, were down slightly at the end of 1968.

Mill consumption of all fibers was estimated to have risen over 7 percent during 1968. Consumption of manmade fibers—up 22 percent—surpassed cotton consumption for the first time. Use of wool ran about 10 percent above 1967 and is expected to continue upward this year.

MILL CONSUMPTION OF FIBERS, PER CAPITA



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 953-48 (11) ECONOMIC RESEARCH SERVICE

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FARMERS' EXPENDITURES FOR CUSTOM PESTICIDE SERVICE IN 1964. R. Jenkins and others, Farm Production Economics Division. AER-146.

This personal interview survey of 10,800 farms in 417 counties throughout the 48 States covers types of pesticides used, methods of application, and kinds of crops or livestock treated.

AN ECONOMIC ANALYSIS OF HAY HARVESTING AND UTILIZATION USING A SIMULATION MODEL. G. E. Frick, Farm Production Economics Division, and C. C. Cloud and R. A. Andrews, University of New Hampshire. N. H. Agr. Expt. Sta. Bull. 495.

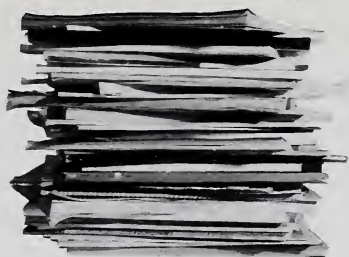
Hay is the most important forage fed to New Hampshire dairy cows, and the organization of forage harvest, as it affects the quality and quantity of hay harvested, substantially affects the total income, cost, and net income of a dairy operation.

THE SOUTHERN RICE INDUSTRY: AN OVERVIEW EXAMINATION. Agricultural Experiment Stations of Texas, Arkansas, and Louisiana cooperating with the Economic Research Service and Farmer Cooperative Service. Tex. Agr. Expt. Sta. South. Coop. Ser. Bull. 137.

Past trends and projections of future production, marketing, and consumption of rice grown in the South are analyzed.

PROJECTING ECONOMIC GROWTH POTENTIALS OF DAIRY FARMS IN SOUTH CAROLINA. C. P. Butler, Farm Production Economics Division. S. C. Agr. Expt. Sta. AE-318.

This analysis of representative dairy herds in South Carolina demonstrates a technique for estimating milk production and returns to future management under varying conditions and prices. The method could be useful in making management decisions with respect to individual farms.



RECENT PUBLICATIONS

The publications listed here are issued by the Economic Research Service and cooperatively by the State universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained only by writing to the issuing agencies of the respective States.

THE AGRICULTURAL ECONOMY AND TRADE OF DENMARK. M. H. Cohen, Foreign Regional Analysis Division. ERS-For. 244.

Postwar economic growth in Denmark, particularly after 1958, generally has been rapid. The government guided development during the late 1950's by encouraging the inflow of foreign capital and by liberalizing import restrictions on raw materials necessary for industrial production. Demand for Danish industrial products in Western Europe has stimulated the export sector and has swelled the total value of industrial exports since the late 1950's.

AN ECONOMIC EVALUATION OF THE SOUTHWESTERN NORTH CAROLINA RURAL RENEWAL AREA. J. Ben-Rubin, Economic Development Division. ERS-387.

This appraisal of the resources in a sparsely populated rural sec-

tion of North Carolina is designed to provide a basis for initiation of Federal programs. Ideally, such programs would foster a sound and expanding economy in slow growing rural areas by increasing farm and nonfarm income, eliminating under-employment, stimulating business activities, and restructuring community facilities and services. (See October 1968 Farm Index.)

COMPARISONS OF ACTUAL FARM INCOMES WITH PARITY INCOMES FOR MICHIGAN FARMERS, 1965 AND 1966. R. D. DuVick, Farm Production Economics Division, and J. N. Uhl, Purdue University. Mich. State Univ. AER-113.

A major concern of farmers has always been that farm operators should achieve earnings comparable to those in other lines.

Various methods have been proposed to measure the comparability, but parity prices have been the primary measure used in the United States since the 1930's. The relationships between farm size as measured by gross sales, farm income, and parity of income are examined.

AGRICULTURAL POLICIES IN AFRICA AND WEST ASIA. Africa and Middle East Branch, Foreign Regional Analysis Division. FAER-49.

No area has shown as much political change as Africa in the 1950's and 1960's. The number of independent African countries has grown from four to 40. Each has a unique agricultural policy which is summarized in this regional review. (See November 1968 Farm Index.)

OPEN SPACE: ITS USE AND PRESERVATION. J. M. Davis, Natural Resource Economics Division, and P. House, Economic Development Division. Misc. Pub. 1121.

In an increasingly urbanizing world, the multiple benefits of open space are becoming more important. Yet, efforts to pre-

serve land in open-space uses often fail. Two main reasons for this are misuse or lack of understanding of the term "open space" and choice of the wrong method for keeping the land open.

MAJOR USES OF LAND AND WATER IN THE UNITED STATES WITH SPECIAL REFERENCE TO AGRICULTURE: SUMMARY 1964. H. T. Frey, O. E. Krause, and C. Dickason, Natural Resource Economics Division. AER-149.

Available statistics on major uses of land and water have been summarized for 1964 and compared with previous periods. Significant changes and trends in use have been documented. (See November 1968 Farm Index.)

GHANA'S AGRICULTURAL ECONOMY IN BRIEF. M. A. Branham, Foreign Regional Analysis Division. ERS-For. 246.

Agriculture—the mainstay of Ghana's economy—accounts for about 50 percent of the gross domestic product, while farm commodities make up 70 percent of the value of total exports.

This report includes crop production and trade statistics for specific commodities.

IMPACT OF ECONOMIC OPPORTUNITY LOANS ON RURAL RESIDENTS: SOUTH CAROLINA, THE OZARKS, MISSISSIPPI DELTA, 1966. D. O. Steward, Economic Development Division. AER-151.

Many low-income families have been unable to achieve an adequate level of living. In rural America, the Farmers Home Administration has sought to alleviate the situation through Eco-

nomie Opportunity loans to needy families. An evaluation of the program, with recommendations for future operations, is included in the study.

EQUIPMENT TECHNOLOGY AND WEATHER ON RICE FARMS IN THE GRAND PRAIRIE, ARKANSAS, PART 1: FARM ORGANIZATION AND RISK. J. B. Hottel, W. R. Grant, and T. Mullins, Farm Production Economics Division. Ark. Agr. Expt. Sta. Bull. 734.

A major concern of farmers in Arkansas rice areas is the most economical combination of equipment and labor units needed on rice farms.

The magnitude of cost economies or the lack of economies associated with specified tractor combinations or sets of varying field capacities, investment costs, and labor are developed in this report.

ANALYSIS OF DEMAND FOR BEVERAGE MILK: ATLANTA, GEORGIA CONSUMER PANEL. J. C. Purcell, R. Raunika, and J. C. Elrod, Georgia Agricultural Experiment Station, in cooperation with Farm Production Economics Division. Ga. Agr. Expt. Sta. Res. Bull. No. 43.

This study was concerned primarily with estimating the nature and magnitude of various socio-economic factors that are generally regarded as influencing household demand for fresh fluid milk and its related substitutes.

MARKETING AIDS FOR THE CATTLE FEEDER. R. J. Crom, Marketing Economics Division. MRR-819.

Cattle feeders in the United States buy and sell in a nation-

wide market. Thus, information concerning placements of feeder cattle, marketings from feedlots, and average weights is of value in making their own placement and marketing decisions. Estimates of future placements and subsequent marketings throughout the Nation are also of value when used in proper perspective with recent market reports and knowledge of special conditions such as adverse weather.

SMALL GRAIN PRODUCTION COSTS ON NORTH DAKOTA FARMS. R. R. Paul, Farm Production Economics Division, and D. O. Anderson, North Dakota State University. N. Dak. Agr. Expt. Sta. Stat. Ser. 2.

One of the objectives of this study was to provide economic information needed by individual farmers in making adjustment decisions in their farming systems and production practices to changes in product prices. Model farms were developed to represent significant groups of farms possessing similar production practices and resources.

RURAL HOUSING CONDITIONS IN THE ARKANSAS, MISSOURI, AND OKLAHOMA OZARKS. H. H. Spurlock, Economic Development Division, in cooperation with Arkansas Agricultural Experiment Station. Ark. Agr. Expt. Sta. Bull. 736.

Findings of this study indicate some of the changes in Ozark housing that have occurred since 1950, and improvement of conditions since 1960. Present inadequacies are detailed, and costs of remedying them are estimated.

Numbers in parentheses at end of stories refer to sources listed below:

1. D. Bostwick (SM); 2. W. G. Heid, Jr., D. K. Larson, and C. M. Smith (SM); 3. C. V. Moore and J. H. Snyder (SM); 4. W. D. Rasmussen (SM); 5. J. V. McElveen, Rural Industrialization in the Southeast Coastal Plain: Case Study of a New Brick Factory at Summerville, S. C. (M); 6. R. Nikolitch, A Comparison of Age Levels of Farmers and Other Self-Employed Persons. AER-126 (P); 7. O. W. Holmes, Jr., Some Problems in Identifying the Farm Poor (M); 8. C. P. Eley, "Food Uses of Soy Protein," Marketing and Trans. Situa., MTS-170 (P); 9. H. G. Coffin and W. R. Reilly, Rail Freight Rates: Potential Reductions on Corn

Shipped to New England, Maine Agr. Expt. Sta. (M*); 10. D. M. Schoonover, Soviet Sunflowers and the World Vegetable Market (S); 11. W. V. Dexter (SM); 12. H. Eklund, "Grocery Store Sales in 1967," National Food Situa., NFS-126 (P); 13. National Food Situation, NFS-126 (P).

Speech (S); published report (P); unpublished manuscript (M); special material (SM); * State publications may be obtained only by writing to the experiment station or university cited.

ECONOMIC TRENDS

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1967		1968		
			YEAR	DECEMBER	OCTOBER	NOVEMBER	DECEMBER
Prices:							
Prices received by farmers	1910-14=100	242	253	253	262	262	262
Crops	1910-14=100	223	224	231	228	227	221
Livestock and products	1910-14=100	258	277	272	291	292	296
Prices paid, interest, taxes, and wage rates	1910-14=100	293	342	344	358	359	360
Family living items	1910-14=100	286	322	325	339	341	341
Production items	1910-14=100	262	287	287	292	294	296
Parity ratio		83	74	74	73	73	73
Wholesale prices, all commodities	1957-59=100	—	106.1	106.8	109.1	109.6	109.8
Industrial commodities	1957-59=100	—	106.3	107.4	109.7	109.9	110.2
Farm products	1957-59=100	—	99.7	98.9	101.2	103.1	103.3
Processed foods and feeds	1957-59=100	—	111.7	111.5	114.4	114.7	114.7
Consumer price index, all items	1957-59=100	—	116.3	118.2	122.9	123.4	—
Food	1957-59=100	—	115.2	116.2	120.9	120.5	—
Farm Food Market Basket: ¹							
Retail cost	Dollars	983	1,080	1,086	1,132	1,124	³ 1,131
Farm value	Dollars	388	414	410	434	429	³ 436
Farm-retail spread	Dollars	595	666	676	698	695	³ 695
Farmers' share of retail cost	Percent	39	38	38	38	38	³ 39
Farm Income: ⁷							
Volume of farm marketings	1957-59=100	—	124	137	182	174	144
Cash receipts from farm marketings	Million dollars	32,247	42,788	3,833	5,235	4,937	4,100
Crops	Million dollars	13,766	18,383	1,921	2,707	2,728	2,000
Livestock and products	Million dollars	18,481	24,405	1,912	2,528	2,209	2,100
Realized gross income ²	Billion dollars	—	49.1	² 48.9	—	—	51.1
Farm production expenses ²	Billion dollars	—	—	² 35.0	—	—	36.3
Realized net income ²	Billion dollars	—	—	² 13.9	—	—	14.8
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	6,383	564	464	609	—
Agricultural imports	Million dollars	3,977	4,454	388	396	420	—
Land Values:							
Average value per acre	1957-59=100	—	⁴ 166	⁴ 166	⁵ 170	⁴ 176	⁴ 176
Total value of farm real estate	Billion dollars	—	⁴ 189.5	⁴ 189.5	⁵ 193.7	⁴ 200.6	⁴ 200.6
Gross National Product: ²							
Consumption ²	Billion dollars	457.3	789.7	811.0	—	—	887.8
Investment ²	Billion dollars	294.2	492.2	502.2	—	—	546.3
Government expenditures ²	Billion dollars	68.0	114.3	121.8	—	—	136.1
Net exports ²	Billion dollars	92.4	178.4	183.5	—	—	202.5
	Billion dollars	2.7	4.8	3.4	—	—	3.0
Income and Spending: ⁴							
Personal income, annual rate	Billion dollars	365.3	628.8	652.6	703.2	708.0	713.4
Total retail sales, monthly rate	Million dollars	17,098	26,151	26,368	28,706	28,891	28,273
Retail sales of food group, monthly rate	Million dollars	4,160	5,759	5,920	6,133	6,274	—
Employment and Wages: ⁶							
Total civilian employment	Millions	63.9	74.4	75.6	76.0	76.4	76.9
Agricultural	Millions	5.7	3.8	4.2	3.5	3.7	3.9
Rate of unemployment	Percent	5.8	3.8	3.7	3.6	3.3	3.3
Workweek in manufacturing	Hours	39.8	40.6	40.7	41.0	40.8	40.7
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.83	2.91	3.06	3.08	3.10
Industrial Production: ⁶	1957-59=100	—	158	162	166	167	169
Manufacturers' Shipments and Inventories: ⁶							
Total shipments, monthly rate	Million dollars	28,745	45,712	47,961	52,560	52,685	—
Total inventories, book value end of month	Million dollars	51,549	82,819	82,819	87,566	88,182	—
Total new orders, monthly rate	Million dollars	28,365	45,928	49,463	53,931	53,384	—

¹ Average annual quantities of farm food products purchased by urban wage-earner and clerical-worker households (including those of single workers living alone) in 1959-61—estimated monthly. ² Annual rates seasonally adjusted fourth quarter. ³ Preliminary. ⁴ As of November 1. ⁵ As of March 1. ⁶ Seasonally adjusted. ⁷ Annual and quarterly data are on 50-State basis; monthly data are on 48-State basis.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Industrial Reports, Business News Reports, Advance Retail Sales Reports and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

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Nickel Bars To Go?

Remember the days when a nickel would pay for a cup of coffee or a soft drink, a pack of gum or a chocolate bar, a newspaper, a bus ride, a cigar?

Today, only the gum and the candy remain nickel items—and the 5-cent chocolate bar may not be around too much longer.

It seems like all the world loves a chocolate bar. In the past 3 years, those of us with sweet teeth have eaten up all of the globe's yearly cocoa production and much of its reserve stocks.

Our insatiable appetites have been pushing up cocoa bean prices. The smaller-than-expected 1968/69 cocoa crop brought 49 cents per pound (New York Spot "Accra") in the first half of December 1968, compared with 17 cents back in calendar 1965.

Prices will most likely stay high for a while—which is one reason why the nickel chocolate bar is in jeopardy. Other factors which may contribute to its demise are higher manufacturing and delivery costs for U.S. confectionery manufacturers.

Candy makers need to choose between upping prices, cutting product weights, or using extenders or cocoa butter substitutes.

One leading candy company has already made its decision. Recently it bade farewell to its nickel bars.

Higher prices aren't likely to sour the demand for sweets, however. Per capita confectionery consumption in 1968 probably totaled near the 19.6 pounds it reached in 1967—which was up nearly a fifth from 1959. (13)

Contents

	<i>page</i>
THE FARM. <i>New Math for Farmers—Farm returns seen through right end of statistical telescope.</i>	3
RURAL LIFE. <i>Building with Brick—A modern brick plant lays new economic foundation for a town.</i>	6
MARKETING. <i>Protean Protein—The versatile soybean goes by way of science into new synthetic foods.</i>	8
THE FOREIGN SCENE. <i>Sunflowers Ring Up Rubles—Show almost tenfold export increase in a decade.</i>	10
THE CONSUMER. <i>Supermarkets' Sundry Sales—Shoppers are buying more nonfood items at the grocery.</i>	12
SPECIAL FEATURE. <i>Outlook 1969—Chartbook</i>	13

Numbers in parentheses at end of stories refer to sources listed at end of issue.

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EDITOR, Audrey Ames Cook; ASSISTANT EDITOR, Geraldine Schumacher; STAFF EDITORS, Tracy G. Zacharias, Stan Baer, Edward C. Dever.